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SUBJECT: HONG KONG GOVERNMENT BRIEFS CONSUL GENERAL ON
PLANS FOR TAIWAN-HONG KONG RELATIONS

REF: (A) HONG KONG 335 (B) 08 HONG KONG 2002

Classified By: Consul General Joe Donovan for reasons 1.4 (b) and (d)

¶1. (C) Summary and comment: Secretary for Constitutional and Mainland Affairs Stephen Lam told the Consul General February 20 that Hong Kong hopes to expand relations with Taiwan through its Inter-City Forum and at the same time cultivate the next generation of Taiwan leaders. Lam dismissed the notion that Taiwan and the Mainland could enter into a European Union-like common market, but ventured that a "NAFTA-style" trade arrangement, specifically including Hong Kong and Macau, might work. While we expect Hong Kong to remain low-key on political issues and watchful for signals from Beijing, Lam's remarks suggest the government intends to make as much use as it can of the newly-opened cross-Strait door, and hopes to share actively in the economic benefits of closer relations. End summary and comment.

¶2. (C) In a lunch with the Consul General February 20, Constitutional and Mainland Affairs Bureau (CMAB) Secretary Stephen Lam offered background on Hong Kong's relations with Taiwan and laid out some of the government's plans to expand its relations with the island (other lunch topics reported ref A). Lam recalled from his days as press secretary to then-Chief Executive Tung Chee-hwa that the Hong Kong government had determined in the late 1990s the KMT might regain power in Taiwan. For that reason, when then-Taipei Mayor Ma Ying-jeou visited Hong Kong, he was received by the Chief Executive at Government House, an event for which Lam reported the largest press turnout of his tenure. The Taiwan portfolio was transferred to CMAB in 2002, at which time the bureau began a "study period." With the Chen Administration in power and cross-Strait relations poor, Hong Kong kept Taiwan at "arms length." Lam said that KMT Chairman Lien Chan's 2005 visit to the Mainland "opened the door," after which Hong Kong played host to visits by Taiwan politicians from across the political spectrum.

¶3. (C) In addition to the interagency panel led by Financial Secretary John Tsang and the opening of an office in Taipei by Hong Kong's quasi-governmental Trade Development Council (ref B), Lam updated the Consul General on plans for the Hong Kong-Taichung Inter-City Forum, which will cover a range of city governance issues. The forum was agreed during Taichung Mayor Jason Hu's January visit to Hong Kong, and the government announced a seven-member working group led by CMAB Permanent Secretary Joshua Law would visit Taichung February 23-24 to arrange details with Taichung counterparts. Hong Kong expects the forum to be held in April of this year. Lam told the Consul General Hong Kong hopes to expand the forum to other cities in Taiwan, including Taipei. The mayors of today, Lam predicted, are the ministers or higher-level officials of tomorrow, implying Hong Kong is actively cultivating this generation of leaders.

¶4. (C) Remarking on talks to begin on the Taiwan-proposed Comprehensive Economic Cooperation Agreement, Lam opined that

the old KMT goal of a European Union-like common market was probably unfeasible, in part due to the lack of open and easily-crossed borders between the Mainland and Taiwan. What might be feasible, he suggested, was a NAFTA-like agreement which encompassed the Mainland, Taiwan, Hong Kong and Macau.

DONOVAN